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C O N F I D E N T I A L PRAGUE 000460

SIPDIS

DEPARTMENT FOR EUR/CE, PM/SNA, T/FO, EUR/FO

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TAGS: PREL MARR EZ

SUBJECT: CZECH REPUBLIC AND MISSILE DEFENSE: BUILDING UPON
THE MOMENTUM FROM THE SECRETARY'S VISIT

REF: A. PRAGUE 407
1B. PRAGUE 347

Classified By: CDA S. Hatcher for reasons 1.4 B & D.

11. (C) Summary and Comment: Secretary Rice's visit to the Czech Republic and the signing of the Ballistic Missile Defense Agreement (BMDA) on July 8 was a major success. Her discussions with the Czech Prime Minister, Foreign Minister, and Parliamentarians, especially skeptical Green and opposition CSSD deputies underscored our commitment to missile defense and helped to increase the probability that the Czech Parliament will approve the BMDA and the Status of Forces Agreement (SOFA). We expect Prime Minister Topolanek to prevail in his uphill battle to ratify both agreements by the end of the year. However, domestic politics may dictate the Prime Minister's strategy for achieving ratification. The release of the audit of Deputy Prime Minister (DPM) Cunek's finances that failed to prove allegations of bribe-taking may help the Prime Minister keep coalition deputies in line. Topolanek will still need the support from the four former CSSD renegade deputies and potentially from others in the opposition that support missile defense, but fear defying their party leadership. Opposition leader and CSSD Chairman Jiri Paroubek's hardening opposition to MD and worsening relations with the Prime Minister make the option of a grand bargain on MD less likely. To support the government in the tough ratification battle, our efforts must focus on concluding the SOFA as soon as possible, mounting a successful parliamentary lobbying and information campaign, and seeking ways to boost and publicize MD-related economic cooperation. End Summary and Comment

Domestic Politics and Ratification Options

2.(C) Secretary Rice's visit, as well as that of General Obering, helped to generate new momentum for Topolanek's government and its effort to secure approval of MD. The much-needed boost comes at a time when the Czechs are still facing significant public and political opposition to MD. Per ref a, we expect the government to officially transmit the SOFA and BMDA to parliament in late August and seek three votes: one each on the BMDA and SOFA, with a third vote required to authorize the presence of U.S. troops. These votes are likely to occur after U.S. and Czech elections late this fall.

3.(C) Topolanek must first focus on preparing his shaky coalition for what promises to be another bruising fight in the parliament. This week saw the dispute between DPM Cunek and Foreign Minister Schwarzenberg, backed by other Green Party cabinet members, settled at least temporarily. The Green's upcoming extraordinary congress in early September is

expected to boost DPM Bursik, who is a key MD backer. With his house in relative order, Topolanek will have to count the coalition votes and determine what additional support he may need from the four so-called renegade deputies and from the ranks of the opposition.

4.(C) CSSD Chairman Jiri Paroubek's recent actions suggest that Topolanek will find it more difficult to strike a "grand bargain" that would allow pro-MD CSSD deputies to vote for the agreements. Paroubek's harder line against MD is probably a response to the defection of a fourth CSSD deputy, Peter Wolf, on June 20. The defection of a fourth deputy increases pressure on Paroubek within CSSD to demonstrate that he can enforce party discipline on MD, particularly ahead of the October regional and Senate elections. Wolf's defection, however, means that Topolanek may have the votes necessary to ratify the MD agreements. However, a ratification strategy that relies on the four renegades would expose the government to allegations of corruption and further damage the public's perception of MD.

Taxes and SOFA

5.(C) Per ref b, the tax status of U.S. contractors and contract personnel building, operating, and maintaining the radar facility is the last open SOFA issue. The Prime Minister has told Ambassador Graber that our insistence on the tax-free status for contractors could sink the SOFA in parliament. During her meeting with the Prime Minister, Secretary Rice told Topolanek that the U.S. has no flexibility on the tax status of contractors, but that we were preparing a package of defense-related incentives that she hoped would help close the SOFA. Under Secretary of

Defense for Policy Edelman communicated the same message to First Deputy Defense Minister Bartak.

6.(C) If we are to achieve BMDA and SOFA ratification before the end of the year, we must finish the SOFA issue by early August. The incentive list must be compelling enough to help the Prime Minister convince the reluctant members of his cabinet, primarily Finance Minister Kalousek and Labor Minister Necas to accept our position on taxes. An adequate list will also help the government answer charges that they did not negotiate as well as the Poles. In a meeting with Acting U/S John Rood on July 9, Deputy Foreign Minister Pojar asked that we make the Czechs the same offer that we have given the Poles. For example, Pojar told Rood that even though they do not want Patriot missiles, we should still offer them so that they can tell parliament that they got the same deal as the Polish negotiators.

7.(C) We must make sure that we first present any package to the Prime Minister before giving it to his ministers. Topolanek is the only one who can broker the required compromise among his ministers. Therefore, we recommend that Ambassador Graber first present our proposal for incentives to Topolanek with the clear expectation that our offer is contingent upon their acceptance of our language on taxes. In response, if Topolanek signals that this could resolve the issue, we would ask Ambassador McDonald to return to Prague with a delegation to formally present the offer and conclude the SOFA.

Public Diplomacy Key to Winning Ratification

8.(SBU) Demonstrating Washington's continued commitment to MD at the highest levels of government will be critical in convincing wary swing parliamentarians to risk voting for this unpopular initiative. Thus, Secretary Rice's visit was timely and had significant impact at a critical time in preparing for the upcoming debate. For example, we have heard that Secretary Rice's personal lobbying of the Green's Ondrej Liska and several CSSD deputies during her visit made them reconsider our arguments why missile defense is critical to transatlantic security. During the parliamentary debate, visits by senior military, State Department, and Department of Defense officials will be necessary to keep this momentum

going. In addition, several parliamentarians have also told us that providing unclassified information to parliamentarians on NATO and MD, the threat from Iran, technical parameters of the radar, and other areas will also be required to help shape the debate and rebut the arguments from the opposition.

Economic Cooperation

9.(SBU) Secretary Rice's and General Obering's public statements highlighting the potential for U.S-Czech MD-related economic cooperation has increased the need to deliver on this important initiative. Prime Minister Topolanek sees this type of cooperation as an important way to sell missile defense to a skeptical public and parliament. The Missile Defense Agency's commitment to fund the Czech Technical University study and accelerate three possible joint research projects has shown that we are committed to facilitating this cooperation. Completing the Research, Development, Testing and Evaluation Agreement will provide the foundation for future close MD-related economic cooperation.

Hatcher